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GUEST: **Richard JOLLY**
Special Adviser to the Administrator
United Nations Development Programme (UNDP)

JOURNALISTS: Thalif Deen, Inter Press Service
Ian Steele, Press Foundation of Asia

MODERATOR: Michael Littlejohns

HUMAN DEVELOPMENT REPORT 1996

Richard JOLLY, Special Adviser to the Administrator of the United Nations Development Programme (UNDP), discusses the 1996 Human Development Report. The main message of the Report is that economic development should be a means for human development rather than an end in itself. The quality of growth is as important as quantity to achieve poverty reduction, human development and sustainability. Despite economic growth, the per capita income in many countries has not increased. Least developed countries need to reach a minimum annual economic growth rate of 3% per capita. The poorest countries should be relieved of their foreign debts to enable them to achieve rapid economic growth.

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Director:	Livingston Hinckley
Production Assistant:	Ellen McGuffie

ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues. Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

A report on human development recently published by the United Nations Development Programme, or UNDP, states that economic growth, if not properly managed, can be jobless, voiceless, ruthless, rootless and futureless, and thus detrimental to human development. How can we manage economic growth, translate it into employment and improve the quality of our lives?

With us today to discuss these and other issues related to human development is Richard Jolly, the principal author and coordinator of the 1996 Human Development Report. Mr. Jolly is also Special Adviser to the Administrator of UNDP. Joining me to talk with Mr. Jolly are Ian Steele of The Press Foundation of Asia and Thalif Deen of Inter Press Service.

Mr. Jolly, welcome to World Chronicle.

JOLLY: Thank you.

LITTLEJOHNS: Mr. Jolly, may I ask you first of all what use do Governments, academics, economists and others make of this mass of data which you have assembled in this document?

JOLLY: We feel very lucky. Over the last seven years, an enormous response has taken place in many countries. Fifty countries have prepared their own human development reports taking the basic messages of this global Report and saying, what does it mean for our country? Many of the countries of the former Soviet Union have done that: Egypt, Philippines, and so forth. And it's, I think, serving at country level as a reminder that issues of human development are ultimately what economic development, economic growth should be all about. And there's a certain political resonance, I think, in that message, not uniformly, but one which this Report has helped. You mentioned also the universities. Many students find this a very good Report. Some of our major users are teachers, not just of development in developing countries, but people concerned with economics, sociology, with a somewhat alternative view to that of mainstream economics.

LITTLEJOHNS: In capsule form, what would you say is the main message of the Report?

JOLLY: Well, every year since the beginning, that economic development should be really about human development. Human development is the end, and economic growth, tax policy – all of these things – industry, agriculture, they're means to the end of human development. And we've got to get that priority right. That's the message in general every

Report. And this particular Report, 1996, looks at economic growth and again says human development, the widening of choices for people, the improvement of their lives, that should be the goal. And then economic growth can be a means, an important means, but you've got to work at it, otherwise, as you just said in the introduction, growth can be ruthless or jobless or rootless or voiceless, lacking democracy, lacking all the things that most of us feel are important in our lives.

LITTLEJOHNS: But when you get down to it, what is human development, really? I mean, does it mean more television sets, more automobiles, better homes? What actually is human development?

JOLLY: Well, the pure definition we give is broadening choices. So we don't take the strong moral view that you've perhaps somewhat implied is in there in excess. We do say that people should have the chance to make better choices, and that ultimately is the core of the definition. Now, towards that, we say that basic education is vital. People need knowledge to make sensible choices; people need basic health in order to be in a position to live. So we have a human development index that combines health, education, and a level of income of the country in order to rank countries on their performance with human development.

LITTLEJOHNS: What about the elements of freedom and democracy?

JOLLY: We've tried to do that, and in this year's Report we listed in one of the tables all the various human rights conventions that bear on human concern. And we certainly would like to explore ways to bring in this vital dimension. That's what voicelessness and democracy is all about. We've tried in the past to have an index of human development, but it's, to be frank, run into quite a lot of controversy – what elements should be in it, what weighting, and all of this. But the concern for human rights, concern for the right to development and concern for protection of individuals is very much part of the concept of human development.

STEELE: The sustainability of development has also been on the front burner of your Reports, and you gave some prominence to Robert Solow, the Nobel laureate for economics, and he had a not-so-positive outlook. He was supportive of sustainable development, but he thought the discussion was really so vague as to be meaningless. And I wonder whether in giving him that open forum you were in full support with that proposition.

JOLLY: Well, he is somewhat sceptical, and I think rightly so – he's a Nobel Prize winner – on the inadequacy of definition of what exactly is meant by sustainable development. But he actually made an extremely interesting point, to my mind, in his section here, which was that most, many people today are concerned with the environment

and protecting the environment, and if you say why, in some sense behind that is protecting the environment so there's a future for our children, our grandchildren, and people in the future. He says, if we're all so concerned about future generations, should we not be equally concerned about poverty among all the present generation? And he plays that, I think, in a very real way, in a sense that makes a very basic logical point.

STEELE: He also posed the question, but he didn't answer it, as to whether our descendants a thousand years from now would be better off than we are. And I notice in this year's Report in particular you note that 100 countries economically are on the slide the past decade, and there's been some discussion that, in fact, there are parallels between where these countries are heading and the Great Depression.

JOLLY: Yes.

STEELE: Could you address that?

JOLLY: Oh, very much so. The Report says in human development terms most countries have shown progress over the last 20, 30 years, particularly in life expectancy, health, many of these indicators. But in terms of average incomes – if you like, take-home pay – 100 countries are worse off than they were in the 80s, the 70s, or the 1960s, and actually 75 of these countries are worse off today than sometime 15 or 25 years ago, and 40 of them are worse off than in the 1960s. This is a terrible decline.

LITTLEJOHNS: Sounds as if this should be a human non-development report.

JOLLY: Well, an economic non-development report. But in human development terms, there's been impressive progress. Economically there's been dramatic success for 15 countries – China, Malaysia, Indonesia, Thailand, those Asian "tigers" – but, for the average developing country, they've gone through something far worse than the Great Depression, and it's been more sustained.

STEELE: And not by their choice, either. In all cases.

JOLLY: Not – well, sometimes – let's be frank: sometimes through inadequate economic policy and inadequate human development policy. But, often, also the repercussions of a level of debt, repercussions of declining trade policy, difficulties in the new global economy for poor and weak countries. But those problems, I think, if they've affected 75 countries, you can't say, well, they just individually all happen to have had weak policies.

DEEN: Dr. Jolly, on the same question, you have given a list of 100 countries with little or no growth at all, and one of the –

JOLLY: Worse off than they were 5, 15, 25, 35 years ago.

DEEN: Worse off than they were, yes, in the 1980s. One of the criticisms in your Report is that you don't – I stand corrected – you don't give the reasons as to why these

countries are worse off than they were 10 years ago, because the Group of 77, which comprises about 132 developing countries, they say that if there's no growth it is due to the huge debt problem and the structural adjustment programmes imposed by the World Bank and the IMF. Is there any reason why you did not go into this particular issue?

JOLLY: Well, we do go somewhat into them, but it is true, we don't take a single position for explaining all the failures for all 100 countries, in part because there are 100 countries and we don't believe that the reasons are identical for every one of them. But we do single out at the end of the Report the special needs of the poorest and weakest countries and of Africa. And we identify a number of the key actions taken, including – sorry, which need to be taken, including debt. We point out that debt is a millstone round the neck of Africa; we say that also applies to other countries; and in spite of the fact this has been recognized internationally by the G-7, for example, in numerous meetings, action languishes far behind recognition of the need for action. And, similarly, aid has been slipping very badly; similarly, trade policies and commodity prices have fallen. So we do identify these general international issues and point out that if we're going to see more rapid growth of the right sort in the next 10, 20, 30 years, we've got to address these problems.

DEEN: You don't provide any solutions as such, do you, to any of these problems?

JOLLY: Oh, we come up with a lot of recommendations. And we have. We don't come up with a single recommendation for every individual country. This is a global Report. But some of those national human development reports that we were talking about earlier, they do go into this much more specifically for individual countries.

LITTLEJOHNS: Mr. Jolly, we hear a good deal these days about donor fatigue, meaning that the industrialized countries that have been pouring aid into the developing world feel to a great extent that much of this aid has been squandered and not put to its best uses, and that the donors are therefore turned off and not putting as much money in any more. How do you respond to that?

JOLLY: I think most of that is misguided assessment of what's been happening. Notwithstanding many of the difficulties that I've underlined, in human terms – which you recall, I'd said are the terms that really matter – the progress we've seen over the last 25 years vastly exceeds what most of us expected in the early 1970s, in UN resolutions, in some of the elements of the UN Development Decades, and so forth. We've seen very impressive advances in many of the things that matter to ordinary people – life expectancy, reductions of malnutrition, improvements in health, the eradication of smallpox – often mentioned, but now we're mostly on the way for the eradication of polio. We've seen a great reduction in measles. Access to water and sanitation is now for the majority of people; 15 years ago it was for a minority. So in many things that affect the lives of ordinary people, we've seen a

lot of progress. And in these 15 spectacularly growing countries we've actually seen much more economic progress even than was thought to be possible. And although it's only 15 countries, they do include a third of the third world population – 1.5 billion people – because China's there; and recently we're beginning to see India come up – again, India, with about 1 billion people. So a large number of people in developing countries are in a more successful situation – not always, not in all respects, but potentially, than we thought 15, 20 years ago.

LITTLEJOHNS: This is **World Chronicle**. Our guest is Richard Jolly, Special Adviser to the Administrator of UNDP.

STEELE: Dr. Jolly, you mentioned the Asian "tigers", the east Asian countries that have invested heavily in human development, the development of their human capital through education and other investments. They've done spectacularly well, but they've been rather less concerned with the environmental consequences of their development. I think of Thailand and Indonesia in terms of deforestation; if you look at Seoul, the capital of South Korea, it has, I think, one of the worst air pollution rates in the world, one of the five worst countries; Taiwan has about 1% of its sewage treated and has a very high rate of hepatitis B. The courses that these countries have followed, are they sustainable in the terms under which they've gone at it?

JOLLY: I think that's a very important issue. I think the jury is out in some of these respects, let's be honest, although I think the World Bank's report at the time of the Rio Conference showed that if countries would put 1% or so of their GNP into the clean-up of the environment, into pollution-protecting industries, and so forth, one could make, one could deal with a lot of the environmental problems that relate to sustainability. And one should note, for example, a country like Korea has had a very impressive reforestation programme, one of the best.

So, I don't think it's at all obvious that the sustainable challenge has been lost. And it's certainly not a challenge just for the Asian "tigers". I mean, here in the United States, in many European countries, all these environmental challenges remain. Fortunately, they are high on the political agenda, and that means to my mind that we're likely to see more action, because people are being concerned that their leaders take care of these issues.

STEELE: Okay. But have you attempted to factor in the environmental aspect to this measurement of success?

JOLLY: We haven't been able to do that so far with the Human Development Index. We've been in discussion with some of the people that are exploring ways to incorporate a better measure of economic production, gross national product, to exclude environmental damage, to take account of the wasting of assets because of environmental

damage. But we've not yet managed to do that ourselves. We would like to do that, because, again, the futureless growth is something we very strongly warn against.

DEEN: Dr. Jolly, your Report has been one of the most controversial reports in the UN system. I remember, I think, a couple of years ago one of your resident representatives in the Middle East was expelled because there was something uncomplimentary about that particular country. But –

LITTLEJOHNS: That was before you were the author.

DEEN: Before you, yes. And I think that increasingly most of the developing countries say that you have to consult them before the Report is released. And I believe last year in Geneva there was a resolution by the Economic and Social Council that you should consult with the developing countries before it is released. Now, wouldn't this compromise your intellectual integrity and independence?

JOLLY: Well, I don't think that's exactly what the resolution said. The resolution has underlined that this Report should be independent in the sense that it should be an objective assessment. Now, that doesn't mean that we are declaring war on any particular country – the last thing in the world we want to do. We want to influence people to take the concerns of human development more seriously. So we have circulated, for example, to the executive board of UNDP, the outline of the future Report, and we've said that we will come back and keep them abreast of work as it proceeds. But no one has said that they want to check over the draft before it goes to press. And I think that's correct. And perhaps as this is the UN –

LITTLEJOHNS: And if they did ask, you presumably would refuse.

JOLLY: I would – well, it is for the board to say, but I think I would provide some strong arguments as to why honest debate, an objective Report, is in everyone's interests. Most Governments recognize this, unless they're particularly pushed to the wall. But I'd like to make a point here on the UN. There's so many people who say, "Oh, the UN is a talk shop. The UN never is willing to confront countries with failures." It's not true! Here's one example – but there are many others – in which, in this worthy forum of the United Nations, issues of differences of view, perspective, are put for countries to consider, for their representatives and so forth. And I think that's a great virtue.

DEEN: On this same issue, there's a proposal before the Secretary-General that the reports put out by UNDP, UNICEF and UNFPA should all come out of the same office, and they should also access the same statistics. Do you think that's a feasible proposal?

JOLLY: Well, I think myself that, of course there's always a certain case for rationalization, but I think that case can be overdone. I mean, you might say why is Harvard University producing different books on some basic matters of economics, or sociology, from

some of the books in Princeton, or Yale University. We'd say this is the most absurd nonsense! In the warring of ideas on the frontiers of knowledge, it is difference that often not only illuminates real issues but leads to the competitive challenge that makes progress. And it's very odd to me that in the time when everyone is saying the competitive economy is what matters that people are saying you must all coordinate and have the same view and situation in the UN. It's inconsistent. And I could give many illustrations. Let me give one from the 1950s, in which "the wild men" – I quote – "the wild men of the UN" came up with certain policies for subsidized loans for developing countries. They were attacked for six or seven years by the president of the World Bank – most dangerous ideas! But in the late 1950s, suddenly the World Bank shifted its position, I should point out when it suddenly became clear there would be money in this idea, and suddenly the World Bank became a strong supporter. And that is the origins of IDA, the International Development Authority, which now is a major part of the international system. So don't be afraid of controversy. Controversy often leads to real intellectual advance. That's the history of ideas.

STEELE: Your Report this year had a remarkable figure. It said that the combined assets of the world's 358 billionaires was equal to the combined income of countries with 45% of the world's people. That's 358 individuals and roughly 2.73 billion people. Where are these inequalities taking us, this concentration of wealth? And what prices are we on the periphery of the wealth or in the in-between zone paying for this imbalance?

JOLLY: The evidence we produce in this Report shows that extreme inequality hinders economic growth; it shows that the countries that have done best, the Asian "tigers", but also the fast growing industrial countries over the last century – Japan, Sweden – these countries are the ones that have moderated extreme inequality, and they have gained real benefits from doing so. We have a third example, very interesting, in Japan: the average income of the poorest 20% of people in Japan is about $9,000; in the US it's about $6,000; and in the UK it's barely – it's under $4,000. Of course, your welfare payments have to be much higher, and you have all the welfare challenges if your economic system is really giving very low incomes, very low, for people who are employed or half-employed at the lower end. But if, as in Japan, you have high rates of employment and you have reasonable incomes at the lower level, you've got less of a job to do for the welfare service. That's another example why policies that help equality seem also to help growth. But the evidence summarized in this Report is incontrovertible, and I think it's a very important message for all countries in the world, for developing countries, yes, but also for the industrial countries – the United States, many European countries, including my own, the United Kingdom, and the CIS countries. Equality –

LITTLEJOHNS: The former Soviet Union, countries of the Soviet Union.

JOLLY: Yes, yes.

STEELE: I wonder whether we've got time to touch on then 20:20 Initiative. You've been pushing this Initiative for some time. Are Governments picking up on it? And perhaps if you could explain very quickly what the 20:20 Initiative proposes and where we're going with that.

JOLLY: Well, 20:20 was a slogan, if you like, that came into the Reports five years ago that all countries should, as a rough guideline, devote about 20% of their national budgets to basic health, basic education, basic nutrition, family planning, and so forth, and that aid donors in their aid budgets should devote 20% of their aid budgets for support of these same activities, particularly in the poorest countries. Well, I'm pleased to say that, since the idea was floated five years ago, it has received more and more support. At the World Summit on Social Development in Copenhagen last year, it was formally endorsed for interested countries. Subsequently, the Norwegians, with the support of the Dutch, held a major conference in Oslo with perhaps 50 or 60 countries attending. About 10 of those countries have been exploring these ideas at country level. I think it's beginning to move. But the point I'd like to underline again comes out clearly in this Report, that it's the countries that have laid a strong basis of basic education for all – primary, literacy – and basic health for all that have laid the human foundation for subsequent economic growth. That has been the message behind the success of the "tigers" in the last 30 years; it's behind the success, as I mentioned, of Japan 100 years ago, the Meiji reforms, 1868; of Sweden – 1895 they passed legislation for education for all. This is what this human development is about: partly the human concerns for ourselves, and partly the human foundations for successful economies.

LITTLEJOHNS: Mr. Jolly, you've been a very interesting guest, but I'm afraid the clock has caught up with us. That's all the time we have. But I'm sure that a lot of people will want to pick up copies of this Human Development Report 1996. Thank you for being with us on this edition of **World Chronicle**.

Our guest has been Richard Jolly, Special Adviser to the Administrator of UNDP. He was interviewed by Ian Steele of the Press Foundation of Asia and Thalif Deen of Inter Press Service. I'm Michael Littlejohns. Thank you for being with us. We invite you to be with us for the next edition of **World Chronicle**.

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